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FOR IMMEDIATE RELEASE

Note to editors: The following is a My Turn column from Attorney General Terry Goddard.

(Phoenix, Ariz. – Sept. 10, 2007) Arizona's subprime loans and foreclosures are reaching record levels in Arizona and across the country. Arizona ranks 2nd behind Nevada for the most subprime loans in the country. With millions of hybrid mortgage loans with adjustable interest rates scheduled to adjust to higher rates this year and next, the foreclosure crisis will only get worse.

Arizona reached a five-year high last month with notices of trustee sales, the precursors to foreclosures, climbing to almost 2,500 in August just in the Phoenix metro area. Efforts across the country to address this crisis are beginning at all levels of government in stave off an economic catastrophe.

I am a member of a working group comprised of 10 state Attorneys General and state banking department officials to address this important issue. We will be meeting with representatives from the mortgage loan servicing industry at the end of September to determine what more can be done.

It is in everyone's best interests, industry and government, to seek creative solutions to the mortgage crisis. We intend to:

1. Learn about the loss mitigation programs offered by lenders and servicers.
2. Hear about actions the industry is taking to address this issue in a more comprehensive manner.
3. Identify barriers to aggressive loan modification programs and;
4. Identify ways of improving communication with homeowners saddled with unaffordable loans

We are not the only governmental entities concerned about this economic crisis. Last week the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, the Conference of State Bank Supervisors and the regulating bodies of federally chartered banks, savings and loans and credit unions joined a

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growing list of governmental entities in calling for loss mitigation techniques that will achieve long-term sustainable obligations to provide stability to borrowers, investors and the marketplace.

These agencies said that prudent workout arrangements that are consistent with safe and sound lending practices are generally in the long-term best interest of both the financial institution and the borrower. They are encouraging servicers to proactively contact those homeowners at risk of default, assess whether default is foreseeable, and if so, apply loss mitigation strategies designed to achieve sustainable mortgage obligations. President Bush announced a program to help more than 80,000 homeowners with risky mortgages keep their homes.

In addition to the national effort by the state Attorneys General, my Office is also a member of the Arizona Foreclosure Prevention Workgroup/Coalition. This coalition is comprised of state agencies, industry representatives and community organizations in an effort to address this crisis locally.

In Arizona, the dramatic increase in default notices has led to a large number of “foreclosure rescue” schemes where scam artists saying they want to project a homeowner’s interest trick them into selling their property. Last year, the Arizona Legislature failed to take action to protect homeowners from this scam.

Homeownership is key to a strong economy, and the consequences of tens of thousands of homeowners losing their homes in foreclosure would be devastating. I am making every effort to ensure the industry addresses this issue, and that together we find solutions that will keep homeowners in their homes.

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